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WAR ON TERRORISM; SPECIAL REPORT; Saudi elite tied to money groups linked to bin Laden [All Editions] Boston Herald Boston, Mass. Oct 14, 2001

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Authors: Jonathan Wells, Jack Meyers and Maggie Mulvihill

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Personal Names: Simpson, Dominic  
Khalifa, Mohammad Jamal  
Al-Saud, Mohammed Al Faisal

Companies:  
Company Name: National Commercial Bank

Abstract:

Abdulrahman bin [Mahfouz], the son of family patriarch Khalid bin Mahfouz, has served on the board of directors of Blessed Relief. Khalid bin Mahfouz was indicted in the BCCI banking scandal in the early 1990's and ended up paying \$225 million in a settlement with U.S. prosecutors. In 1999, he was placed under house arrest by the Saudi government after his National Commercial Bank allegedly funneled millions of dollars to front organizations for Osama bin laden, including Blessed Relief.

Founders of the National Commercial Bank, the largest private bank in Saudi Arabia, the bin Mahfouz family is worth more than \$4 billion, according to Forbes Magazine. The bin Ladens' fortunes reportedly total in excess of \$5 billion. Intelligence Online, a Paris-based information service, has reported that Khalid bin Mahfouz is

related by marriage to Osama bin Laden.

Some Middle East experts said the many business associations between the bin Laden and bin Mahfouz families is not a surprise given the similar backgrounds of the two clans. They also said those dealings do not, in and of themselves, suggest that bin Laden's relatives are involved in supporting Osama bin Laden's operation.  
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Full Text:

Saudi Arabia, whose leaders had until yesterday refused to join U.S. efforts to freeze terrorist assets, may be an ongoing source of financial support for Osama bin Laden, the reputed mastermind of the Sept. 11 attacks on the U.S.

Some of Saudi Arabia's richest families, including at least one member of the ruling al-Saud family, have had dealings with banks, charitable organizations and other financial institutions linked to bin Laden's complex funding network, according to public records, intelligence reports and terrorism experts.

"It stretches credulity to say that there are not certain rich and conservative Saudi individuals lending some financial support (to Osama bin Laden)," said Dominic Simpson, a former British intelligence officer in the Middle East who now works for Kroll Associates in London.

"It is also not inconceivable that there are young princes and princesses on the outer edges of the royal family who are sympathetic to (bin Laden's) ideologies," Simpson added.

To date, the Saudi government and virtually every Saudi businessman, bank and charitable organization cited as a possible funding link to Osama bin Laden has publicly denied any involvement with the exiled terrorist.

Yesterday, Saudi Arabia, Bahrain, Kuwait, Qatar, Oman, and the United Arab Emirates agreed to freeze the assets of an expanded U.S. Treasury Department list of groups and individuals American authorities believe are linked to terrorism.

However, suspicions persist that certain members of the Saudi elite are secretly supporting bin Laden's cause and they are fueled by business relationships and financial events which include the following:

- Three banks allegedly used by Osama bin Laden to distribute money to his global terrorism network have well-established ties to a prince in Saudi Arabia's royal family, several billionaire Saudi bankers, and the governments of Kuwait and Dubai.

One of the banks, Al-Shamal Islamic Bank in the Sudan, was controlled directly by Osama bin Laden, according to a 1996 U.S. State Department report. A second bank, Faisal Islamic Bank, appears to have a relative of Osama bin Laden on its board of directors, the bank's records show.

- Despite repeated denials of any connection to their notorious relative, members of the family of Osama bin Laden continue to have close business relationships with another wealthy Saudi banking clan, the bin Mahfouz family, which is suspected of shipping millions of dollars to the exiled terrorist as recently as three years ago.

The bin Mahfouz family was placed in the spotlight Friday when the Bush administration moved to freeze the assets of 39 more individuals and groups it believes are supporting terrorism.

One of the names on the list, Saudi businessman Yasin al-Qadi, is involved with members of the bin Mahfouz family in a Muslim charity, Blessed Relief, which the Treasury Department says has steered millions of dollars

to bin Laden.

Abdulrahman bin Mahfouz, the son of family patriarch Khalid bin Mahfouz, has served on the board of directors of Blessed Relief. Khalid bin Mahfouz was indicted in the BCCI banking scandal in the early 1990's and ended up paying \$225 million in a settlement with U.S. prosecutors. In 1999, he was placed under house arrest by the Saudi government after his National Commercial Bank allegedly funneled millions of dollars to front organizations for Osama bin Laden, including Blessed Relief.

- A chapter of a Muslim charity, which receives money from the Saudi government, the International Islamic Relief Organization in the Philippines, is linked to one of bin Laden's brothers-in-law, Mohammad Jamal Khalifa. Philippine and U.S. authorities have accused Khalifa of using the charity's funds to bankroll Abu Sayyaf, a terrorist group associated with Osama bin Laden's al-Qaeda network.

Khalifa, believed by U.S. intelligence officials to manage money for his brother-in-law in Malaysia, Mauritius, Singapore and the Philippines, was arrested in the U.S. in 1994 for "providing financial, logistical and training assistance to international terrorism." The charge was later withdrawn because of insufficient evidence and Khalifa was deported.

Khalifa also reportedly helped fund the Islamic Army of Aden, the group that claimed responsibility for the 1999 bombing of the USS Cole in Yemen.

- One of Osama bin Laden's half brothers, Yeslam bin Laden, was reportedly questioned by Swiss authorities last month after terrorists struck the World Trade Center and the Pentagon.

According to the Swiss magazine L'Hebdo, federal inspectors were seeking information on the activities of several bin Laden family companies. One of them is Geneva-based Saudi Investment Company, or SICO, a financial clearinghouse for the family's international investments.

The other, Avcon Air Charter, owns a fleet of private jets which it leases to business clients. Avcon offered flight training to clients at one of the same Florida pilot schools attended by some of the 19 hijackers, according to the French newspaper Le Monde.

Yeslam bin Laden is one of three half brothers of Osama bin Laden who head the Saudi Binladin Group, the parent company of the family's far-flung business ventures, which include construction, telecommunications and finance.

In the U.S., Bush administration officials are apparently taking a close look at possible Saudi involvement in the funding of bin Laden's terrorist network.

That financial infrastructure was originally put in place in the 1980's as the Saudi and U.S. governments, along with wealthy Persian Gulf businessmen, sent billions of dollars to the Mujahideen in Afghanistan who were waging war against the Soviet Union.

The money, which was a critical factor in the defeat of the Soviets and Osama bin Laden, one of the leaders of the Mujahideen, was a key link to his fellow Saudi millionaires.

Officially, bin Laden has been banished from Saudi Arabia by the royal family and disowned by his 52 siblings for the last seven years.

Those two public breaks began in 1991, when Osama bin Laden was forced to leave Saudi Arabia after he criticized the Saudi monarchy for allowing U.S. armed forces to occupy bases near Islamic holy sites even after



the Gulf War ended.

Bin Laden moved his operations to Sudan, where, according to the U.S. State Department, he helped establish al-Shamal Islamic Bank with a personal stake of \$50 million.

Bin Laden's links to banks in the Sudan were confirmed last year when Jamal Ahmed Mohamed al-Fadl, a former business associate of bin Laden, testified against the al-Qaeda operatives responsible for the 1998 bombings of two U.S. embassies in Africa. He said bin Laden used al-Shamal Islamic Bank and two other banks

- Tadamon Islamic Bank and Faisal Islamic Bank
- to distribute money to his terrorist agents around the world.

According to an intelligence report released last week by the French National Assembly and other public records, those three banks are part of a matrix of interlocking Islamic financial institutions run by some of the richest men in the Middle East, including Saudi princes and Saudi billionaires.

Two of the chief stockholders in al-Shamal are the Tadamon and Faisal banks. The chairman of Faisal Islamic Bank is Prince Mohammad Al Faisal Al Saud, a member of the Saudi royal family.

Another founder of the Faisal Islamic Bank who still has a major stake in the bank is Saudi magnate Saleh Abdullah Kamel, whose Dallah Albaraka Group owns 23 banks and investment companies in 15 countries. Forbes Magazine estimated last year that Kamel is worth \$4 billion, making him the 137th richest man in the world.

Last year, Faisal Islamic Bank merged with another bank controlled by Prince Al Faisal Al Saud, the Bahrain-based Islamic Investment Company of the Gulf, and the new entity is called Al-Shamil Islamic Bank. One of Al-Shamil's directors is Hyder Mohammed bin Laden. His relationship, if any, to the Saudi bin Laden family could not be confirmed yesterday.

Al-Shamil Islamic bank is a subsidiary of the giant banking conglomerate Dar Al Maal Al Islami in Geneva, Switzerland. Dar Al Maal Al Islami, founded 20 years ago and now chaired by Prince Mohammed Al Faisal Al Saud, is seen in the Muslim world as the primary vehicle for Saudi financing of the international Islamic fundamentalist movement.

Public records and intelligence reports show that the Saudi Binladin Group, the international business conglomerate run by some of Osama bin Laden's half-brothers, has numerous business ventures with the bin Mahfouz family.

Like the bin Laden family, the bin Mahfouz clan originated in the Hadhramaut valley in southern Yemen, which has long been a hotbed of radical Islamic fundamentalism. Both families cultivated close relationships with the Saudi royal family and, as a result, rose to prominence and amassed great wealth.

Founders of the National Commercial Bank, the largest private bank in Saudi Arabia, the bin Mahfouz family is worth more than \$4 billion, according to Forbes Magazine. The bin Ladens' fortunes reportedly total in excess of \$5 billion. Intelligence Online, a Paris-based information service, has reported that Khalid bin Mahfouz is related by marriage to Osama bin Laden.

In 1999, the Saudi government conducted an audit and discovered that the bin Mahfouz family's National Commercial Bank had transferred at least \$3 million to charitable organizations believed to be fronts for bin Laden terror network, intelligence sources said.

Khalid bin Mahfouz has remained in government custody for the last two years, and, officially at least, he is

no longer involved with the affairs of the bank, which is the largest private bank in Saudi Arabia and is closely associated with the ruling Saud family.

The Saudi government purchased Khalid bin Mahfouz's 50 percent share of the bank, which reduced the family's stake to 20 percent. However, one of Khalid bin Mahfouz's sons, Abdulrahman bin Mahfouz, is now in charge of the bank, sources said.

Simpson, the former British intelligence officer, said it is unclear whether bin Mahfouz's detention by the Saudi government was primarily related to the National Commercial Bank transfers.

Simpson said Khalid bin Mahfouz is not technically under house arrest anymore as Saudi officials have placed him in a hospital in Taif. He said bin Mahfouz may have been taken out of circulation for other financial transgressions or disagreements with one of the Saudi princes.

"It's perfectly possible to imagine monies were funneled through National Commercial Bank accounts without the senior management of the bank, including Khalid bin Mahfouz, knowing about it," Simpson said "On the other hand, there could have been individuals inside the bank who were sympathetic."

The financial ties between the bin Laden and bin Mahfouz families are many and run the gamut from telecommunications to construction management to high finance. Their partnerships, co-ventures and common investments include:

- Binladin Telecommunications Co., Ltd. The Saudi Binladin Group and a bin Mahfouz family holding company, Saudi Economic Development Co., are the primary shareholders.
- The Middle East Capital Group, one arm of an international finance network formed in 1996 to recruit investors and raise capital worldwide. The Bin Mahfouz Group is identified as one of four "core shareholders" in MECG and one of the Saudi Binladin Group's directors, Henry Sarkissian, sits on MECG's board of directors. MECG's mission is to become "the premier investment and merchant bank in the Middle East and North Africa region."
- Hybridon, a small Massachusetts biomedical company engaged in advanced DNA research. Yahia M. A. bin Laden is a major stockholder in the firm, as is Abdela bin Mahfouz. Abdulrahman bin Mahfouz is a former shareholder.
- The Port of Aden and the Aden International Airport. The Bin Mahfouz Group and the Port of Singapore Authority comprise an entity called Yeminvest, which is under contract with the Yemen government to run the facilities and operations in the port. In 1999, the Saudi Binladin Group was hired by Yemen officials to rebuild the nearby airport.

It was in the port of Aden in 1999 that suicide bombers were able to maneuver a boat packed with explosives next to the USS Cole warship. The ensuing blast killed 17 sailors. U.S. authorities believe Osama bin Laden ordered that attack.

- Dar Al-Hekma college in Jeddah, Saudi Arabia. Mohammed Salem bin Mahfouz and the Saudi Binladin Group were among a handful of Saudi individuals and business groups who founded the college. Yahia bin Laden is the vice chairman of the school's board of trustees.

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and of themselves, suggest that bin Laden's relatives are involved in supporting Osama bin Laden's operation.

However, Simpson said he believes some religiously conservative Saudi businessmen continue to provide financial support to the Taliban, which is tantamount to bankrolling bin Laden's terrorist organization.

Simpson said he has seen no evidence that the bin Laden relatives who run the family's business empire are among them, but noted there are persistent reports that several of the female members of the family and their husbands have remained in contact with their terrorist half-brother.

At various times since 1994, when the Saudi government revoked Osama bin Laden's citizenship, the leaders of the bin Laden family have issued statements disavowing their exiled half-brother and condemning the acts of terrorism attributed to him.

A few days after the September 11 terror attacks in New York and Washington D.C., Abdullah Bin Laden declared in a written statement that the "Bin Laden family has no relation at all with his (Osama's) acts and conducts."

Jonathan Winer, a former deputy assistant Secretary of State specializing in international law enforcement, said the statement falls short of saying the family has severed all financial ties to Osama bin Laden.

"Certainly their statement is not categorical," Winer said, adding that the family should specifically address the issue of financial support for Osama and the various charities tied to him.

Paul Michael Wihbey, a fellow at the Institute for Advanced Strategic and Political Studies in Washington D.C., believes Osama bin Laden's ultimate goal is to overthrow the Saudi royal family and may have some high-level support in that endeavor.

"I think we underestimate bin Laden," Wihbey said. "He comes from the highest levels of Saudi society and he has supporters at all levels of Saudi Arabia. There is no reason to think that every single member of his family has shut him down."

Caption: MEDIA ESCORTS: Taliban soldiers sit on a pickup truck as they await to escort newly arrived journalists at the Torkham border crossing in Afghanistan yesterday. AP photo

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